

Overview of Efficiency Review Accomplishments

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The Office of Efficiency Review**

September 21, 2007

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Total Savings/Cost Avoidances

Actual Savings/Cost Avoidances - Fiscal Year (FY) 2004-2007	\$668.6 million
Total Projected Savings/Cost Avoidances - Fiscal Year (FY) 2004-2008	\$994.4 million
Total Projected Savings/Cost Avoidances - Fiscal Year (FY) 2004-2009	\$1.2 billion

Notes and Assumptions:

- 1)** Savings/Cost Avoidances Amounts are defined as the Initial Cost Savings plus any subsequent Cost Avoidance.
- 2)** Figures for ADES, ADC, and AHCCCS are actuals for Fiscal Years 2004 through 2006 and projections for Fiscal Years 2007, 2008, and 2009. The FY 2008 figures were used for FY 2009 projections due to that data having not yet been reported.
- 3)** All other agencies are actuals through FY 2007 and estimates for 2008 and 2009.
- 4)** Energy Savings/Cost Avoidances comprised of savings reported by agencies in the Certified Efficiency Review Tracking System (CERTS) and by other state government institutions (ASU, ASU West, and UofA) reporting outside of CERTS.

Overview of Efficiency Review Accomplishments
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I. Top Ten "Big Dollar" ER Accomplishments - Fiscal Year (FY) 2004-2007

#	Initiative	Agency	Description	Actual Savings/Cost Avoidances FY 2004-2007	Projected Savings/Cost Avoidances FY 2004-2008	Projected Savings/Cost Avoidances FY 2004-2009
1	Value In Procurement (VIP)	ADOA	Consolidating purchasing power on a statewide basis by leveraging volume discounts from a strategic source.	\$74.3 million	\$112.0 million	\$136.8 million
2	Outpatient Methodology	AHCCCS	In July 2005, AHCCCS changed their hospital outpatient payment methodology and developed a fee schedule to control the increasing costs of those services.	\$184.3 million	\$306.3 million	\$461.3 million
3	Self Insurance Employee Benefits	ADOA	Reducing year to year growth in employee health insurance costs by converting to a self-insurance program.	\$73 million	\$132 million	\$191 million
4	Promoting Economic Self-Sufficiency	DES	DES reduced adult cash assistance cases through strategies that promote self-sufficiency, which include expanded integration of service delivery across multiple programs, improvements in the Jobs Program, and increased use of the diversion option.	\$79.1 million	\$116.8 million	\$154.5 million
5	Behavioral health service contractor cost reductions	Health	The Department reduced contractors' allowed administrative costs and profit within Title XIX Medicaid capitation rates by 1%. This was possible, partially, by streamlining the client intake and assessment process for persons receiving behavioral health services.	\$29.9 million	\$38.3 million	\$46.8 million
6	Inter-agency agreement with ICE	DOC	ICE trains ADC staff to perform certain deportation functions	\$10.7 million	Dependent on # of inmates deported	Dependent on # of inmates deported
7	Guaranteed Maximum Price (GMP) Review	School Facilities Board	SFB staff now requires each construction manager to detail costs in a schedule of values which itemizes each component of construction (e.g., concrete, roofing, etc.) The schedule of values are then benchmarked to other recent projects and a GMP is negotiated.	\$14.4 million	\$24.4 million	\$31.4 million
8	Energy Savings	Coordinated effort	Energy savings from CERTS data (ADOA buildings, Corrections, DEMA, Health, DPS, ADOT - \$2.2 million) and non-CERTS data (ASU, ASU West, ASU East, UofA - \$4.3 million).	\$6.5 million	\$13 million	\$19.5 million
9	Inmate Fire Crews/Brush Abatement Crews/ Work Crews	DOC	Crews provide fire suppression and brush abatement services to communities statewide. Training and equipment provided by State Land Department and supervisory staff are appropriated to ADC.	\$11.2 million	Determined by # of hours required to fight fires	Determined by # of hours required to fight fires
10	Increased Volunteer Recruitment	Parks	Volunteer's recruitment has saved Parks and Game & Fish the workload of 128 FTE's.	\$8.5 million	\$12.6 million	\$16.9 million

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II. Top 10 Environmental/Human Interest ER Accomplishments - Fiscal Year (FY) 2004-2007

#	Initiative	Agency	Description	<u>Savings/Cost</u> <u>Avoidances FY</u> <u>2004-2007</u>
1	Inmate construction of solar panels	DOC	DOC is currently receiving all the necessary supplies to begin construction of solar panels that will be installed on DOC and other state agency buildings. Construction should begin shortly.	* Energy savings (63% reduction in natural gas) *Reduced Recidivism
2	"Plain Talk"	DOR	Drafting clear, concise and succinct letters for citizens increases comprehension and leads to increased compliance, shortened response time, reduces need for follow up, decrease number of calls to an agency and increases agency productivity.	Decreased confusion and frustration for citizens.
3	Computers for children	DOC	Inmates are to beginning to build computers for kids in classrooms.	*Modernized education for children * Reduced recidivism
4	Streamlining of Foster Care Licensing	DES	Streamlining of foster care home placement cuts waiting time in half.	Children waiting less time for a family.
5	Cleaner burning vehicles	DOA	State use of Alternative fuels - E-85, Bio diesel, decrease use of gasoline.	Environment
6	Online elderly/child care facility database verification	Health	Creation of online database to allow public to review caregiver status/complaints for child/elderly care facilities.	Peace of mind for citizens concerned about children/elderly care.
7	Volunteers at Parks	Parks	Recruitment of volunteers to provide services. Kartchner Caverns would not be able to function were it not for the volunteer program which includes former CEO's, Engineers, Ex Legislators (from Washington), Newspaper owners, etc.	\$8.5 million
8	Victims Rights Donations	DOC	Inmates helped raise over \$750,000 for victims rights organizations.	*\$750,000 * Restitution to comm.
9	Online genealogical Info	Health	The Arizona Department of Health Services new website includes more than 400,000 historical Arizona birth and death records online, saving the state more than \$9.0 million in hard copy requests.	*\$13.0 million in savings from fees *Convenience
10	Reforestation	DOC	Inmates planting seedlings to help rebuild healthy forests.	*Healthy forests

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III. Emerging Initiatives - Fiscal Year (FY) 2004-2007

#	Initiative	Agency	Description	<u>Projected Savings/Cost Avoidances FY 2004-2007</u>
1	Web Based Video Conferencing	All Agencies	Holding meetings online will provide tremendous savings in fleet reduction, gas consumption, auto maintenance (oil, tires), risk management, CO2 emission, employee and agency productivity. The enterprise wide license agreement began in August and five agencies have purchased the software since that time, with many more pending. Tracking measures are in place to capture savings.	To be determined
2	Government Transformation & Modernization Plan	Boards, Councils, Commissions	A review of the Boards, Councils and Commissions has resulted in identification of 48 opportunities for consolidation, elimination or assimilation into agency administration. Twelve operational policies for streamlining administration are being submitted.	To be determined
3	Virtual Office	AHCCCS	Virtual Office replaces traditional office environments with employees working from home to reach productivity requirements. Implementing Virtual Office (VO) minimizes the impacts of low wages, high absenteeism, turnover rates, and budget constraints.	\$323,345 * Increased productivity and retention, reduced costs for office space, reduced traffic and pollution .

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IV. Agency Highlights - Fiscal Year (FY) 2004-2007

#	Initiative	Agency	Description	<u>Savings/Cost</u> <u>Avoidances FY</u> <u>2004-2007</u>	<u>Projected</u> <u>Savings/Cost</u> <u>Avoidances FY</u> <u>2004-2008</u>	<u>Projected</u> <u>Savings/Cost</u> <u>Avoidances FY</u> <u>2004-2009</u>
1	Fleet Savings	ADOA	Fleet was reduced and will not be replaced.	\$2.9 million	\$3.8 million	\$4.8 million
2	Outpatient Methodology	AHCCCS	In July 2005, AHCCCS changed their hospital outpatient payment methodology and developed a fee schedule to control the increasing costs of those services.	\$184.3 million	\$306.3 million	\$461.3 million
3	Office Downsizing	Agriculture	Yuma Office downsized to a smaller facility on the University of Arizona Extension Farm. They used to pay \$2,575 per month now they pay only \$200 per month.	\$118,000	\$147,500	\$177,000
4	Energy Savings	Coordinated effort	Energy savings from CERTS data (ADOA buildings, Corrections, DEMA, Health, DPS, ADOT - \$2.2 million) and non-CERTS data (ASU, ASU West, ASU East, UofA - \$4.3 million).	\$6.5 million	\$13 million	\$19.5 million
5	Inmate Labor	Corrections	Utilizing Inmate Labor including: maintenance / grounds keeping work at public schools, fleet maintenance, public works, street and road beautification. These services provide a cost savings to communities statewide.	Savings only realized by other agencies (ADOT, Schools, Capitol Complex, etc.)	-	-
6	Promoting Economic Self-Sufficiency	DES	DES reduced adult cash assistance cases through strategies that promote self-sufficiency, which include expanded integration of service delivery across multiple programs, improvements in the Jobs Program, and increased use of the diversion option.	\$79.1 million	\$116.8 million	\$154.5 million
7	Solar & Wind Farm (WAATS)	DEMA	Using wind & solar power to provide energy to DEMA buildings.	\$205,000	\$287,000	\$369,000
8	Use of Volunteers	Game and Fish	Use of volunteers to provide services such as public education training programs.	\$4.5 million	\$6.3 million	\$8.1 million
9	Information Technology	Gaming	Implementation of an electronic licensing and regulatory system that integrated databases and decreased the need to create and maintain paper documents.	\$260,100	\$352,100	\$444,100
10	Behavioral Health Administrative Services	Health	Streamlined the client intake process and the assessment process for persons receiving behavioral health services. This reduces paperwork and the staff hours devoted to it.	\$29.9 million	\$38.3 million	\$46.8 million
11	Travel Reduction	Housing	The agency is only approving travel if it is crucial to its mission.	\$135,300	\$181,900	\$229,800
13	Automated License Application Processing	Insurance	Rather than completing manual checks, the Department utilizes the National Insurance Producer Registry to electronically determine whether a licensee has had a disciplinary action in another state.	\$351,000	\$553,700	\$756,400

#	Initiative	Agency	Description	Savings/Cost Avoidances FY 2004-2007	Projected Savings/Cost Avoidances FY 2004-2008	Projected Savings/Cost Avoidances FY 2004-2009
14	Case Planning Population Control	Juvenile Corrections	The department is expediting transition out of secure care using a variety of assessment tools to determine needs of youth and risk of community placement, thereby maximizing bed space.	\$817,700	\$817,700	\$1.6 million
15	Prepaid Appraisals	Land	Payment of Appraisals upfront at lesser cost.	\$250,000	\$375,000	Not Reported
16	New Online Contract	State Lottery	The new online contract takes advantage of several new cost saving technology features, resulting in savings to the Commission.	\$2.8 million	\$5.3 million	\$7.8 million
17	Increased Volunteer Recruitment	Parks	Volunteer's have saved Parks and Game & Fish the workload of 128 FTE's.	\$8.5 million	\$12.6 million	\$16.9 million
18	Optical Scanning System	Public Safety	A new DPS Contact Tracking Program scans contact information from original source documents into a database, saving officers 78,976 hours or \$2.4 million annually, the equivalent of hiring 40 additional DPS officers.	\$564,300	\$795,800	\$1.0 million
19	Travel - Lodging	Racing	The Department developed a new travel policy that ADOA approved to better manage travel expenses and educate employees to encourage better expense practices when employees travel.	\$123,000	\$154,500	\$186,000
20	Accelerated Settlement Agreement Process	Real Estate	The Department developed the Accelerated Settlement Agreement (ASA) in January 2006 to facilitate the processing of relatively minor and common violations. Over 95% of the licensees presented with the	\$569,800	\$669,800	\$769,800
21	Web-Based Services	Registrar of Contractors	The Registrar now provides an number of public documents and license renewal forms on their website.	\$127,300	\$127,300	\$127,300
22	E-Filing	Revenue	ADOR implemented E-File, an online system that allows individuals to file tax returns electronically. This system provides a more efficient paperless process that is also a benefit to the public in quicker turnaround times.	\$1.4 million	\$1.8 million	\$2.3 million
23	Guaranteed Maximum Price (GMP) Review	School Facilities Board	SFB staff now requires each construction manager to detail costs in a schedule of values which itemizes each component of construction (e.g., concrete, roofing, etc.) The schedule of values are then benchmarked to other recent projects and a GMP is negotiated.	\$14.4 million	\$24.4 million	\$31.4 million
24	Electronic Communication	Tourism	The Office of Tourism achieved savings from enhanced utilization of electronic communications instead of traditional mailings for items such as printed newsletters and various documents and reports.	\$1.7 million	\$2.1 million	\$2.5 million
25	Bond Refinancing	Transportation	The State Transportation Board's bonding program is able to advance refund bonds to take advantage of lower rates. The Board has refunded approximately \$150 million of Highway User Revenue bonds, saving over \$500,000 in interest costs a year.	\$1.6 million	\$2.1 million	\$2.6 million
26	Document Imaging	Water Resources	The Department is saving staff time needed to process requests for information and reduction of space needed for paper files.	\$120,000	\$240,000	\$360,000